

2005-2007 IT PLAN Summary - Agency Budget Request

00401 OFFICE OF THE INSURANCE COMMISSIONER

2005B0100401

AGENCY IT OVERVIEW

The North Dakota Insurance Department is a state regulatory agency headed by the Insurance Commissioner. The Department maintains offices on the fifth floor of the State Capitol, at 425 North 5th Street in Bismarck, and 1351 Page Drive in Fargo, North Dakota. The Department has 45.5 FTE's. All fees and fines paid by companies or agents are deposited into the Insurance Regulatory Trust Fund, from which the money to operate the Department is appropriated by the Legislature.

It is the mission of the North Dakota Insurance Department to protect the public good by fairly and effectively administering the laws of North Dakota. We are committed to vigorous consumer protection efforts while fostering a strong, competitive marketplace that provides consumers with choices and access to high-quality insurance products and services at competitive prices. In pursuit of our mission, we will treat all of our constituencies with the highest ethical standards and respect they deserve.

The Department is comprised of six major divisions as outlined below:

Legal & Enforcement Division:

The Legal & Enforcement Division provides advice and counsel to the Commissioner and other Department staff, investigates insurance fraud, conducts market conduct examinations, and pursues enforcement of actions against insurance agents and companies for violations of insurance law. The division drafts all legislation and administrative rules proposed by the Insurance Department. The division also oversees the collection of premium tax.

Consumer Protection Divisions - Property & Casualty and Life & Health:

The Consumer Protection Divisions review policy forms to ensure that policy language complies with all the laws of this state, properly reflects the benefits provided by the policy, and is not deceptive or misleading.

For most types of insurance, these divisions evaluate the premium rates companies propose to charge to assure that the premiums are not excessive, inadequate, or unfairly discriminatory.

The Consumer Protection Divisions also investigate consumer inquiries and complaints against insurance companies and agents in order to ensure the fair treatment of policyholders. Hotline staff receives approximately 25 calls per day from consumers who need help resolving an insurance-related matter.

In addition, within the Life & Health Consumer Protection Division are the following programs:

Senior Health Insurance Counseling (SHIC) Program

The SHIC program which works with trained volunteers throughout the state to help senior citizens with questions about Medicare and related health insurance policies. Volunteers from 30 communities have been trained to help North Dakota seniors with questions regarding Medicare, Medicare supplement, and long-term care insurance.

Prescription Connection for ND Program

The Prescription Connection for ND Program connects qualified people with discount drugs, direct from the manufacturer.

Examinations & Company Licensing Division:

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The Examinations and Company Licensing Division continually monitors the financial strength of insurance companies to help assure they have enough money to pay policyholder claims. It performs periodic financial audits of North Dakota based companies to assure they are financially sound and complying with state laws dealing with insurance company financial matters.

This division oversees the licensing of approximately 1,400 insurance companies doing business in the state. Companies seeking to sell insurance in North Dakota must go through a precicensure review to screen out those companies that are either financially troubled or have a history of regulatory problems in other states.

Agent Licensing & Investigation Division:

Agent Licensing

The Agent Licensing & Investigation Division licenses approximately 28,000 agents doing business in the state. Before any person can be licensed to sell insurance, he or she must complete precicensure courses and pass a precensuring examination for the lines of insurance the individual wishes to sell.

This division is assigned all duties necessary to carry out the issuing, renewal and ongoing processing of agent licensing, including license applications, renewals, agent appointments, continuing-education filing reports and course approval for continuing education courses.

Investigations

The investigations area of the division is responsible for conducting agent and company investigations on behalf of the public. This includes handling all consumer complaints regarding agents, and life-and-health complaints against insurance companies to ensure the fair treatment of policyholders.

The investigations area also works with the Legal & Enforcement Division to enforce the laws applicable to the conduct of insurance agents and companies doing business in the state. If the results of the investigation determine that laws have been violated, the staff will work with the Legal & Enforcement Division to bring administrative action against the agent or insurance company.

Administration Division:

The Administration Division is responsible for the accounting, budget, information-technology needs and general office support for the department. This division oversees the Fire District payments and assists with the premium tax collection process. The Division also oversees the Department's day-to-day business operations, human resources and personnel management.

Special Funds Division:

The Special Funds Division administers several state funds on behalf of the Insurance Department. These Funds include:

State Fire and Tornado Fund

The State Fire and Tornado Fund insures buildings, outdoor, trailer and personal property belonging to state agencies and political subdivisions. The Fund provides low-cost insurance on approximately 13,000 properties throughout the state with total values insured of approximately \$5.7 billion. The largest policyholders are state universities and the smallest are townships. The annual premium is approximately \$4.6 million.

State Bonding Fund

The State Bonding Fund provides a blanket fidelity bond for state agencies and political subdivisions providing coverage in the event of an employee theft of property or money.

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Petroleum Tank Release Compensation Fund

The Petroleum Tank Release Compensation Fund. The federal government requires all owners of underground petroleum tanks prove their financial ability to clean up petroleum contamination resulting from a leak. This Fund was created to help pay for cleaning up spills.

Boiler and Anhydrous Ammonia Facility Inspection Program

The Boiler and Anhydrous Ammonia Facility Inspection Program provides mechanical inspection of boilers and pressure vessels and their components. Inspections are conducted on a recurring basis to safeguard the lives of those exposed to vessels under pressure; to protect persons and property generally; and to place, by reasonable regulation, responsibility for compliance with the owner and users.

AGENCY TECHNOLOGY GOALS AND OBJECTIVES

Goal:

To protect the public good by fairly and effectively administering the insurance laws of the state of North Dakota.

Objectives:

- 1) Maintain and enhance the computer systems so they continue to meet ITD and Department standards.
- 2) Develop new applications as necessary to improve customer service and create efficiencies.
- 3) Monitor IT staffing and department resource needs and utilization for maximum efficiency.

AGENCY IT PLAN CONTACT DATA

IT Contacts for the Insurance Department:

Jodee Buhr, H.R. Dir./Bus. Mgr., 328-4639

Larry Maslowski, Sr. Analyst/Div. Dir., 328-4976

Laurie Scully, IT Coordinator, 328-2503

Number of Desktop Computers	33	Windows 98	0
Number of Desktop Computers planned to be replaced	3	Wndows NT	0
Aveage cost of Desktop Computer Replacements	1200	Windows 2000	10
Number of Laptop Computers	16	Windows XP	90
Number of Laptop Computers Planned to be replaced	0	Other	0
Aveage cost of Laptop Computer Replacements	0		

Number of PC's by Region							
1	2	3	4	5	6	7	8
0	0	0	0	3	0	46	0

Agency Technology Activities

The Department plans to provide ongoing maintenance of software, hardware and IT services for its twenty-seven business functions as follows:

1. Maintain Software, Total Cost = \$35,000.00
2. Maintain Hardware, Total Cost = \$44,866.00
3. IT Services, Total Cost = \$595,653.00 (Note: \$40,000 Data Processing costs to update outdated DOS program for Petroleum Tank Release Compensation Fund).

IT Capture Infrastructure Budget Details - Agency Budget Request

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Date: 11/29/2004

2005B0100401

Time: 3:56:02PM

		Current Appropriation	Budget Request	Optional Adjustments	Request Plus Optionals	Subsequent Biennium
30	OPERATING EXPENSES					
IT3002	IT-DATA PROCESSING	\$381,360	\$473,273	\$0	\$473,273	\$470,941
IT3003	IT TELEPHONE	\$85,621	\$70,000	\$0	\$70,000	\$71,400
IT3005	IT SOFTWARE/SUPPLIES	\$33,483	\$35,000	\$0	\$35,000	\$35,700
IT3008	IT CONTRACTUAL SVCS & REPAIRS	\$17,322	\$16,080	\$0	\$16,080	\$16,402
IT3038	IT EQUIPMENT UNDER \$5000	\$88,669	\$44,866	\$0	\$44,866	\$45,763
	Total	\$606,455	\$639,219	\$0	\$639,219	\$640,206

Funding Source						
HCFA			\$32,000	\$0	\$32,000	\$32,640
INSURANCE REGULATORY TRUST FUND 401			\$567,219	\$0	\$567,219	\$566,766
PETROLEUM REL. COMP. FUND 401F			\$40,000	\$0	\$40,000	\$40,800
			\$639,219	\$0	\$639,219	\$640,206

IT Capture Project Details - Agency Budget Request

Date: 11/30/2004

Time 7:40:42AM

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Version 2005B0100401

Project: SERFF Interface

Priority - 1 Major Enhancement / Upgrade
Age of Current Application - 5

Project Description

Create an interface between the National Association of Insurance Commissioner's (NAIC) State Electronic Rate & Form Filing (SERFF) application and the North Dakota Insurance Department's policy filing application.

Description of Business Need or Problem Driving the Project

The insurance industry is required to file policy, rates and forms with the Commissioner for approval before using them. they can file either in hard-copy or electronically via the SERFF system. Companies that use the SERFF system find the turn-around time to be much less and the process more efficient than hard-copy. The creation of an interface between the SERFF system and the Dept's filing application (which tracks hard-copy) will eliminate duplication and redundancy in the filing process.

Description of how Project is Consistent with the Organization's Mission

A more efficient filing system allows the regulator the ability to process filings more quickly, thus, allowing companies who compete in the open market the ability to do so in a timely manner.

Description of the Anticipated Benefits

1) Elimination of duplicate data entry, 2) improve workflow, 3) improve processing time, 4) allow companies to enter their products into the market more quickly. Both the regulator and the insurance companies will benefit from this improved efficiency.

Description of the Impact of NOT Implementing the Project

Currently between 20 - 30 percent of all filings are done on the SERFF system. Projections are that 60 - 70% of all filings will be coming in on the electronic system within three years. Not implementing this project will not allow the Department to maximize its resources and efficiencies.

Identify any Risks Associated with the Project

The result of the project will be a enhanced filing system. The Department does not contemplate a negative impact as a result of implementing this project.

Description of Additional Cost, if Any, for the Project

None	
Additional Costs for the project that are not included in IT Object Codes	
Additional Costs -	\$0.00
Optional Project Costs	\$0.00
Total Project Cost -	\$0.00
Total Project Cost + Optionals	\$0.00

Description of Non-Appropriated Funds - \$0.00
N/A

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Project: SERFF Interface

	<u>CURRENT</u> <u>APPROPRIATIONS</u>	<u>BUDGET</u> <u>REQUEST</u>	<u>OPTIONAL</u> <u>ADJUSTMENT</u>	<u>REQUEST PLUS</u> <u>OPTIONALS</u>	<u>SUBSEQUENT</u> <u>BIENNIUM</u>
IT3002 IT-DATA PROCESSING	\$0	\$27,840	\$0	\$27,840	\$0
Total	\$0	\$27,840	\$0	\$27,840	\$0
239 INSURANCE REGULATORY TF		\$27,840	\$0	\$27,840	\$0
Total Funding:		\$27,840	\$0	\$27,840	\$0

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Project: Imaging

Priority - 2

Ongoing Initiative

Age of Current Application - 1

Project Description

Expand the use of imaging into two additional business functions of the Department (Fire & Tornado Fund Division and Policy Filings Division).

Description of Business Need or Problem Driving the Project

Imaging is viewed as a solution to the large accumulation of paper and records storage issues.

Description of how Project is Consistent with the Organization's Mission

Imaging will assist the Department in enhancing our existing record keeping process which will benefit all our constituents and staff.

Description of the Anticipated Benefits

1. Central location of all records, 2. eliminate misplaced and lost records, 3. allow Department to maximize use of office space.

Description of the Impact of NOT Implementing the Project

1. The Department would need to manually continue the record keeping process, which is not as efficient as an electronic process (imaging), and 2. All of the Department's storage space is full and without the implementation of imaging, we would be forced to seek additional storage space.

Identify any Risks Associated with the Project

None

Description of Additional Cost, if Any, for the Project

N/A

Additional Costs for the project that are not included in IT Object Codes

Additional Costs -

Optional Project Costs

Total Project Cost -

Total Project Cost + Optionals

Description of Non-Appropriated Funds -

\$0.00

N/A

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Project: Imaging

	<u>CURRENT</u> <u>APPROPRIATIONS</u>	<u>BUDGET</u> <u>REQUEST</u>	<u>OPTIONAL</u> <u>ADJUSTMENT</u>	<u>REQUEST PLUS</u> <u>OPTIONALS</u>	<u>SUBSEQUENT</u> <u>BIENNIUM</u>
IT3002 IT-DATA PROCESSING	\$0	\$8,640	\$0	\$8,640	\$0
Total	\$0	\$8,640	\$0	\$8,640	\$0
239 INSURANCE REGULATORY TF		\$8,640	\$0	\$8,640	\$0
Total Funding:		\$8,640	\$0	\$8,640	\$0